



House Bill No. 5081

Public Act No. 14-13

AN ACT CONCERNING PHOSPHOROUS REDUCTION REIMBURSEMENTS TO MUNICIPALITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (c) of section 22a-478 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) The funding of an eligible water quality project shall be pursuant to a project funding agreement between the state, acting by and through the commissioner, and the municipality undertaking such project and shall be evidenced by a project fund obligation or grant account loan obligation, or both, or an interim funding obligation of such municipality issued in accordance with section 22a-479. A project funding agreement shall be in a form prescribed by the commissioner. Eligible water quality projects shall be funded as follows:

(1) A nonpoint source pollution abatement project shall receive a project grant of seventy-five per cent of the cost of the project determined to be eligible by the commissioner.

(2) A combined sewer project shall receive (A) a project grant of fifty per cent of the cost of the project, and (B) a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the

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eligible water quality project costs.

(3) A construction contract eligible for financing awarded by a municipality on or after July 1, 2012, as a project undertaken for nutrient removal shall receive a project grant of thirty per cent of the cost of the project associated with nutrient removal, a twenty per cent grant for the balance of the cost of the project not related to nutrient removal, and a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the eligible water quality project costs. Nutrient removal projects under design or construction on July 1, 2012, and projects that have been constructed but have not received permanent, Clean Water Fund financing, on July 1, 2012, shall be eligible to receive a project grant of thirty per cent of the cost of the project associated with nutrient removal, a twenty per cent grant for the balance of the cost of the project not related to nutrient removal, and a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the eligible water quality project costs.

(4) If supplemental federal grant funds are available for Clean Water Fund projects specifically related to the clean-up of Long Island Sound that are funded on or after July 1, 2012, a distressed municipality, as defined in section 32-9p, may receive a combination of state and federal grants in an amount not to exceed fifty per cent of the cost of the project associated with nutrient removal, a twenty per cent grant for the balance of the cost of the project not related to nutrient removal, and a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the allowable water quality project costs.

(5) A municipality with a water pollution control project, the construction of which began on or after July 1, 2003, which has (A) a population of five thousand or less, or (B) a population of greater than five thousand which has a discrete area containing a population of less than five thousand that is not contiguous with the existing sewerage system, shall be eligible to receive a grant in the amount of twenty-five

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per cent of the design and construction phase of eligible project costs, and a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the eligible water quality project costs.

(6) [The first three construction contracts] Any contract entered into by [municipalities] a municipality on or before July 1, 2018, that [are] is eligible for financing as [projects] a project undertaken for phosphorus removal to at or below two-tenths milligrams per liter effluent discharge, shall receive (A) a project grant of fifty per cent of the cost of the project associated with such phosphorus removal, (B) except as provided in subdivision (3) of this subsection, a twenty per cent grant for the balance of the cost of the project, and (C) a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the eligible water quality project costs. [If more than three projects are eligible for the financing provided under this subdivision] In providing funding under this subdivision, the commissioner shall give priority, first to projects with the lowest permitted limit of phosphorus discharge as contained in a valid discharge permit issued pursuant to section 22a-430, and then to those that remove the greatest amount of phosphorus, as measured in pounds per year.

(7) Any other eligible water quality project shall receive (A) a project grant of twenty per cent of the eligible cost, and (B) a loan for the remainder of the costs of the project, not exceeding one hundred per cent of the eligible project cost.

(8) Project agreements to fund eligible project costs with grants from the Clean Water Fund that were executed during or after the fiscal year beginning July 1, 2003, shall not be reduced according to the provisions of the regulations adopted under section 22a-482.

(9) On or after July 1, 2002, an eligible water quality project that exclusively addresses sewer collection and conveyance system improvements may receive a loan for one hundred per cent of the

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eligible costs provided such project does not receive a project grant. Any such sewer collection and conveyance system improvement project shall be rated, ranked, and funded separately from other water pollution control projects and shall be considered only if it is highly consistent with the state's conservation and development plan, or is primarily needed as the most cost effective solution to an existing area-wide pollution problem and incorporates minimal capacity for growth.

(10) All loans made in accordance with the provisions of this section for an eligible water quality project shall bear an interest rate of two per cent per annum. The commissioner may allow any project fund obligation, grant account loan obligation or interim funding obligation for an eligible water quality project to be repaid by a borrowing municipality prior to maturity without penalty.

Approved May 12, 2014